

CHRONO (10 September thru 31 October 1979)

TAB

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Subject: NIE-IIM Production Schedule - East Asia and the Pacific (NFAC 4853-79)
- 2 []
- 3 Note to Oksenberg (NSC) from [] dated 18 September
Re: Speech delivered by Chai Zemin
- 4 []
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Re: [] Resume
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CHRONO 10 Sept thru 31 Oct 79

TAB

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Subject: Thank you
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- X1 25 Memo to DD/NFAC from [redacted] dated 29 October
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- 26 Note to NIOs-ODs-SRP-SA/P from [redacted] dated 29 October
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X1 27 Rpts for Presidential Briefing, dated 31 October
[redacted]

X1 28 [redacted]
[redacted]

X1 29 [redacted] 25X
30 [redacted]

SECRET [REDACTED]

25X

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NEAC 4853-79
12 September 1979

MEMORANDUM FOR: Nick Platt, NSC/EA

FROM : [REDACTED] NIO/China-East Asia
Pacific

SUBJECT : NIE-IIM Production Schedule - East Asia and
the Pacific

1. Following on our conversation of September 11,
I am sending you a copy of the production schedule for East
Asia and the Pacific through the second quarter of 1980. [REDACTED]

25X1

2. I would be pleased to receive any comments or
suggestions you may have regarding the schedule. [REDACTED]

25X

Attachment:
Production Schedule

SECRET [REDACTED]

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☐ DECL ☒ REVW ON 12Sept'85
DERIVED FROM _____

SECRET

25X1

NFAC 4853-79
12 September 1979

SUBJECT: NIE-IIM Production Schedule - East Asia and
the Pacific

NIO/CH-EAP: [] jcn 12 Sept.79

Attachment:
Production Schedule

Distribution:

Orig - Addressee w/att
~~1~~ - NIO/CH-EAP w/att
1 - NIO/EAP w/att
1 - NFAC Reg. w/att

SECRET

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Next 1 Page(s) In Document Exempt

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NFAC NOTICE
No.

NFAC N
10 September 1979

Announcement of Assignment to Key Position
National Intelligence Officer for East Asia Pacific

Effective immediately, [redacted] NIO/China,
will temporarily assume the additional responsibility of
NIO/East Asia Pacific, vice [redacted]

[redacted]
Bruce C. Clarke, Jr.
Director
National Foreign Assessment Center

Distribution:
Regular inhouse
+ DDO

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC 4854-79
12 September 1979

MEMORANDUM FOR: Bruce C. Clarke, Jr., D/NFAC
FROM : [REDACTED] NIO/CH-EAP
SUBJECT : Recommendations on [REDACTED] Policy NIE
REFERENCE : D/NFAC Note to NIO/CH-EAP, 10 September 1979

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1. I attach a revised concept paper which I believe goes some way toward incorporating the advice of the SRP as well as my own views on the construct of the paper. Paragraph 2 of the revised version makes clear the intended direction of the NIE and clarifies central issues to be addressed in the paper. [REDACTED]

2. The SRP is hesitant to discuss the revised concept paper with me until after you have had a chance to react to it. I share your concern that a good paper is more important than the completion date, and we have decided to cancel the meeting with interagency representatives scheduled for Friday. [REDACTED]

3. You also asked my views on whether the paper needed to be done as an NIE rather than an IIM. I believe the subject is of interest to policymakers at a sufficiently high level that it deserves NFIB review which is afforded an NIE. [REDACTED]

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Attachment:
Concept Paper

18
[REDACTED]
ORIGINAL ONLY Signer
☐ DECL ☒ REVW CM 12Sept.85
EXT BYND 6 YRS BY
REASON

25X1

SECRET

NFAC 4854-79
12 September 1979

SUBJECT: Recommendations on Policy NIE

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Attachment:
Concept Paper

Distribution:
Orig - Addressee w/att
1 - NIO/CH-EAP w/att
1 - NIO/EAP w/att
1 - NFAC Reg. w/att

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THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Officers

18 September 1979

Michel Oksenberg
National Security Council

Dear Mike,

Herewith is the speech delivered by Chai Zemin before the annual meeting of the National Committee on US-Chinese Relations in New York on 17 September. As I mentioned to you, I found noteworthy the references to hegemonism, which must reflect policy guidance Chai recently received in Beijing. Also of interest is the reference to the situation requiring us to view and approach Sino-US relations with a politico-strategic perspective.

Regards,

NIO for China-EAP


THE DIRECTOR OF
CENTRAL INTELLIGENCE

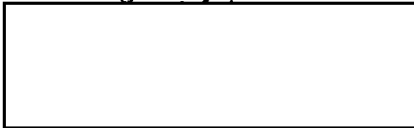
onal Intelligence Officers

18 September 1979


Dear Dick,

Herewith is the speech delivered by Chai Zemin before the annual meeting of the National Committee on US-Chinese Relations in New York on 17 September. As I mentioned to you, I found noteworthy the references to hegemonism, which must reflect policy guidance Chai recently received in Beijing. Also of interest is the reference to the situation requiring us to view and approach Sino-US relations with a politico-strategic perspective.

Regards, 


NIO for China-EAP

Mr. Richard Solomon



Mr. Chairman Yost, -

Ladies and Gentlemen,

It gives me and my colleagues great pleasure to attend today's luncheon upon invitation and to meet many of our American friends on the occasion of the annual meeting of the National Committee on U.S.-China Relations.

Your current annual meeting is being held at a time when Sino-U.S. relations have entered a new phase after the establishment of diplomatic relations between our two countries. As I see it, this new development will add to the significance of this annual meeting.

~~Over the years, the National Committee on U.S.-China~~
Relations has done a lot of work to promote Sino-U.S. cultural exchanges and friendly contacts, thus contributing to the normalization of Sino-U.S. relations. I will give you only one example to illustrate this point. It was the National Committee on U.S.-China Relations that played host to the Chinese Table Tennis Team, which visited the United States in 1971 as a pioneer of the Chinese people for opening Sino-U.S. relations. That important decision known as the "Ping-Pong Diplomacy" was made by the late Chairman Mao Zedong and Premier Zhou Enlai. The immediate positive response and warm ^Support to that decision given by the National Committee on U.S.-China Relations and American friends of all walks of life made it possible for the little ping-pong ball finally to open the door to friendly contacts between the Chinese and American peoples. As the Chinese saying goes, "everything's hard at the beginning."

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- 2 -

That good beginning paved the way for broader exchanges between our two peoples at a later stage.

Shortly after that visit, the epoch-making Shanghai Communique was issued thanks to the outstanding farsightedness of the leaders of both countries, a document which charted the orientation for developing the relations between our two countries. In keeping with the spirit of the Shanghai Communique and in cooperation with relevant Chinese organizations, the National Committee organized extensive people-to-people exchange programmes for sportsmen, journalists, women representative research fellows of international study, educationists, local administrative leaders, performing arts groups and travel agency workers, etc. These programmes have enhanced the mutual understanding between our two peoples and promoted their friendship. No doubt, these meaningful exchange of visits quickened the pace of normalization of relations, thus bringing about the establishment of diplomatic relations between our two countries on January 1 this year. I wish to take this opportunity to extend our sincere congratulations and profound thanks to you for the excellent work the National Committee has done in promoting the friendly relations between China and the United States.

The Chinese people are a peace-loving people determined to work for the defence of world peace and international security together with all other peace-loving countries and peoples. What is more, we earnestly want a peaceful international environment in order to focus our efforts on realizing the four modernizations, so as to lift China out of economic backwardness. On the other hand, we cannot but note that the world today is

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by no means tranquil. Forces seeking military superiority and world hegemony are constantly stepping up their offensives and creating turmoils everywhere through direct or indirect means. Under these circumstances, it has become a most important task of our times to oppose hegemonism and defend ^{world} ~~worl~~d peace.

There exist traditional friendly contacts between the Chinese and American peoples. The situation today requires us to view and approach Sino-U.S. relations with a politico-strategic perspective. In so doing, we will find a common basis for strengthening the cooperation between our two countries, both in the general aspect and in our bilateral relations. This basis will be a reliable and durable one, and not a transient expediency. Whoever loses sight of this point or have doubt about it will fall behind the historical trend.

Of course, in view of our different social systems and a number of outstanding issues awaiting solution in the relations between our two countries, there may emerge some differences between our two countries. This is nothing strange. The important thing is not allow these differences to affect our cooperation; instead, we should develop our relations on the basis of mutual adherence to the internationally recognized principles of mutual respect for territorial integrity and sovereignty, non-interference in each other's internal affairs, equality and mutual benefit.

Since normalization, Sino-U.S. relations have made fairly rapid progress in the political, economic, trade, cultural, scientific and technological fields. Our two countries have since then signed many bilateral agreements, and contacts

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at governmental level or between peoples have also become more and more frequent. This is in the interest of the Chinese people and the American people as well. The development of the friendly cooperation between China and the United States is no doubt of vital importance to defending peace and stability in the Asia-Pacific region and in the world at large.

I have just returned from China. At home, I saw for myself a political situation of unity and stability, the promotion and strengthening of socialist democracy and legal systems as well as vigorous developments on all fronts of our national economy under the impact of the policies formulated at the second session of the Fifth National People's Congress, Starting from this year, we will use about three years to readjust, restructure, consolidate and improve our national economy and lead our national economy onto a course of sustained and proportionate fast development, so as to accelerate China's four modernizations. During the next three years and in a fairly long period to come, while relying mainly on our own efforts, we will study and introduce advanced foreign technology and equipment suitable for our needs on a independent basis. We will actively develop trade and mutually beneficial economic cooperation with various countries and adopt reasonable and customary methods now used abroad in accepting foreign investments and guaranteeing their legitimate profits. We have already formulated some laws and regulations to this effect and will formulate additional ones in the future.

China is a developing country with an area of 9.6 million

- 5 -

square kilometres and a population of 900 million. With the steady development of China's national construction, it is beyond all doubt that there will be broad prospects for economic cooperation and scientific and cultural exchange between our two countries. I would like to quote the two lines from a poem dating back to the Tang Dynasty which Vice President Mondale used in his speech at Beijing University: We widen our view 300 miles by ascending one flight of stairs. Only when we stand on a higher plane, can we see far ahead. Let us be far-sighted and keep in mind the magnificent prospects for the friendly cooperation between our two great countries over a relatively long historical period.

Shortly after the establishment of diplomatic relations between China and the United States, Vice-Premier Deng paid a visit to your country. The Vice-Premier and President Carter reaffirmed the principles embodied in the joint communique on the establishment of diplomatic relations between China and the United States and pushed the relations between the two countries to a new high. Recently, Vice President Mondale paid a successful visit to China ^{and} ~~and~~ laid a new groundwork for the further development of our relations. I personally had the privilege of being a member of Vice-Premier Deng's party during his visit to your country and of taking part in ~~in~~ hosting the visit of Vice President Mondale to China. As a witness to the latest development of Sino-U.S. relations, I am full of fine expectations of the broad vistas for developing mutually beneficial cooperation and friendly contacts between our two ~~co~~untries and peoples. Much remains to ^{be} ~~done~~ by us. In the

- 6 -

coming new era, the workload of the National Committee on U.S.-China Relations, I am afraid, will not decrease but rather increase. I sincerely wish you an even bigger role in and a still greater contribution to promoting the friendship between our two peoples and strengthening the relations between our two countries.

Thank you.

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NFAC #5111-79

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

24 September 1979

MEMORANDUM FOR: See Distribution

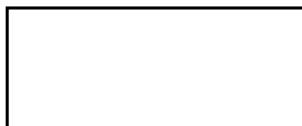
FROM : National Intelligence Officer for Warning
National Intelligence Officer for China-EAP

SUBJECT : Korean Pre-H Hour Scenario Study

Work is starting on a reanalysis of possible pre-attack scenarios on the Korean peninsula. It will incorporate recent order-of-battle assessments and serve as a cornerstone for the forthcoming NIE. We consider this work to be of the utmost importance and solicit maximum participation by your agency.

5

25X1



Richard Lehman
NIO for Warning



NIO for China-EAP

Distribution:

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D/INR/State
DD/NFA
D/DIA
Army ACSI
DNI
Air Force ACSI
D/Intel/USMC

DERIVATIVE BY Signers
☒ CHOLIX REVIEW ON 24 Sep 85
☐ OTHER Multiple Sources

CONFIDENTIAL

SUBJECT: Korean Pre-H Hour Scenario Study (NFAC #5111-79)

Distribution: *Chrono/Korean NIE*
2 - NIO/CH
2 - NIO/Warning .
1 - A/NIO/EAP
1 - NFAC Registry

25X1

THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Officers

25 September 1979

NOTE FOR: Director, Office of Central
Reference

FROM :
NIO for China-EAP

The attached resume from
maybe of interest to you. If not, please
return.

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Chow

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Officers

26 September 1979

MEMORANDUM FOR: See Distribution

25X1 FROM : [REDACTED]
Assistant National Intelligence Officer
for China

SUBJECT : Warning Assessment: China

1. Attached is the assessment prepared on the basis of Community views expressed at the warning meeting held on 17 September. This memorandum has not been coordinated with the participants but is being circulated among them.

2. The next warning meeting will be held on Wednesday, 10 October at 1400 hours in room 7 E 62, CIA Headquarters.

Please provide the name of your representative to [REDACTED]
[REDACTED] prior to COB Tuesday, 9 October 1979.

All portions of the memorandum are SECRET.

Attachment
As Stated

Distribution

25X1 State - Mr. Robert Drexler
NSA - [REDACTED]
Army - Col. Jack B. Churchill
Air Force - Major Wally Astor
Navy - Lt/Cdr. Albert Aldo
25X1 DIA - [REDACTED]
SWS - Mr. Douglas J. MacEachen

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25X1

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

17 October 1979

MEMORANDUM FOR: Richard Lehman

FROM :

:

SUBJECT : Draft Study of the NIO System

1. Since I won't be at your meeting on Thursday, I have availed myself of your invitation to put my thoughts about your draft staff study on paper. I am talking here about tactics, not direction or destination (except in the area of integrated research programs).

2. It is my view that the changes in the NIO relationship with NFAC are too explicitly spelled out to support your bureaucratically necessary disclaimer that no radical changes are in train. I think you are right that NIO withdrawal from NFAC affairs will be slower and in the short run less complete than the D/NFAC perhaps now envisions. If so, the categorical prohibitions in your draft study will cause jurisdictional fights to become greater rather than lesser. Everyone recognizes where things are going: Why not let nature take its course?

3. NIOs were given responsibility for interoffice production precisely because such papers were not being written under Office Director auspices. It may be that you don't think interoffice papers are worth doing. But if they are (and I happen to think they are), then they will only appear if responsibility for them is lodged with someone who has the substantive expertise to see them through.

4. Let me reiterate again my views on a useful NIO relationship to NFAC-wide research programs in the China and USSR areas, where very large numbers of analysts in virtually all NFAC production offices are engaged in working on a single country. There is a real role to be played by the D/NFAC's senior substantive expert in developing and coordinating an integrated research program in these areas. I append my effort several years ago as one example of an integrated approach to this issue. As I told you, it got good reviews at the time.

5. Individual production offices are already being encouraged to set up their own lines of communications to the NSC, State and so forth. No specific dispensation is necessary. The injunction

SECRET

that the offices keep the NIOs informed of what they are doing is, moreover, unenforceable. NIOs are not being informed of activities in this area as things stand now. Your new regulations make it impossible even to pretend that the NIOs are in fact the DCI's substantive advisor and surrogate in his field or area of expertise.

6. This is even more true if the NIOs are merely to "advise" on the preparation of briefing books, Presidential briefings, etc. How are the NIOs to accompany the DCI to SCCs, PRCs, and so forth (much less occasionally substitute for him) if they are not actively engaged in preparing for such meetings? This is not to say that NIOs need do the initial drafting; merely that they should shape the product before it goes to the DCI. You may, of course, wish deliberately to give the impression that you are creating a giant Senior Review Board, but if you don't then here as elsewhere greater ambiguity is in order.

7. I appreciate your idea of bringing together a "critical mass," but if you are going to be able to do this you will have to make the new NIO setup attractive enough to bring in the kind of people who will make the system work. It is one thing to cut off a leg and a couple of fingers, it is another to engage in a public emasculation. A "critical mass" implies a chain reaction. What you don't want is another embarrassing accident leaving in its wake the problem of having to dispose of all those gallons of radioactive water. We have had enough Three Mile Islands around here since 1973.

19 October 1979

10

25X1 [redacted]
I returned to Washington on the 17th, suffering only somewhat from jetlag. Now that I have gone through the accumulated traffic of two weeks, I want to express my deepest thanks and appreciation for all the help that you gave me during my stay [redacted]
25X1 [redacted]

I will be looking forward to seeing you in Washington during your consultations next month. Hopefully, you will be able to spend some time giving me and others the opportunity to hear your thoughts on recent developments [redacted]

25X1 [redacted] I know that these would be most helpful and preceptive.

With all best wishes
[redacted]

25X1

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

11
NFAC 5683-79
22 October 1979

MEMORANDUM FOR: Rae Huffstutler, Director, OSR

25X1 FROM : [REDACTED]
National Intelligence Officer/China,
East Asia Pacific

SUBJECT : [REDACTED] Policy

25X1 1. [REDACTED]

25X1 In that regard the drafting officer and my assistant met informally with [REDACTED] of your office to sketch out arguments that might be addressed in that segment of the paper. It is my understanding that much of the research may be "on the shelf." The major tasks are:

Composition of a terms of reference for a 4-5 page annex to the estimate;

A draft of that annex; and

Extrapolation of judgments contained in the annex for inclusion in the draft itself.

25X1 We would like to complete this portion of the estimate by 1 November. [REDACTED]

25X1 2. I request you make [REDACTED] available to participate in this project to function as the annex drafting officer. [REDACTED]

SIGNED

Distribution:

Orig - Addressee

25X1 1 - [REDACTED] (NIO/CH-EAP)

1 - A/NIO/CH-EAP Chrono (JEE)

1 - NFAC Reg. SECRET

25X1 1 - [REDACTED] Approved For Release 2005/03/24 : CIA-RDP83B00100R000200200001-2

CE [REDACTED] Signer
[REDACTED] 22Oct.85
EXT [REDACTED]
[REDACTED]

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

12

National Intelligence Officers

NFAC 5684-79
22 October 1979MEMORANDUM FOR: Dr. Karl H. Weber
Director, Office of Scientific Intelligence25X1 FROM : [REDACTED]
National Intelligence Officer/China,
East Asia Pacific

25X1 SUBJECT : [REDACTED] Defense Policy

25X1

1. [REDACTED]

[REDACTED] In that regard the drafting officer and my assistant
met informally with [REDACTED]
of your office to sketch out arguments that might be addressed in
that segment of the paper. It is my understanding that much of
the research may be "on the shelf." The major tasks are:Composition of a terms of reference for a
4-5 page annex to the estimate;

A draft of that annex; and

Extrapolation of judgments contained in the
annex for inclusion in the draft itself.

25X1

We would like to complete this portion of the estimate by
1 November. [REDACTED]

25X1

2. I request you make these individuals available to
participate in this project. [REDACTED]SIGNED

[REDACTED]

Distribution:

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Orig - Addressee

1 - [REDACTED] (NIO/CH-EAP)

1 - A/NIO/CH-EAP Chrono (JEE)

1 - NFAC Reg.

25X1

1 - [REDACTED]

ORIGINAL FILED Signer
[REDACTED] 22 Oct. 85
EXTENDED WORK BY
[REDACTED]

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC 5685-79
22 October 1979

MEMORANDUM FOR: Evan Hineman
Director, Office of Weapons Intelligence

25X1 FROM : [REDACTED]
National Intelligence Officer/China,
East Asia Pacific

25X1 SUBJECT : [REDACTED] Defense Policy

25X1 1. [REDACTED]

25X1 [REDACTED] In that regard the drafting officer and my assistant met informally with [REDACTED] of your office to sketch out arguments that might be addressed in that segment of the paper. It is my understanding that much of the research may be "on the shelf." The major tasks are:

Composition of a terms of reference for a 4-5 page annex to the estimate;

A draft of that annex; and

Extrapolation of judgments contained in the annex for inclusion in the draft itself.

25X1 We would like to complete this portion of the estimate by 1 November. [REDACTED]

25X1 2. I request you make [REDACTED] available to participate in
25X1 this project. [REDACTED]

SIGNED

[REDACTED]

Distribution:

25X1 Orig - Addressee

- 1 - [REDACTED] (NIO/CH-EAP)
- 1 - A/NIO/CH-EAP (JEE)
- 1 - NFAC Reg.
- 1 - NIE 41-1-79

GENERAL CLEVER Signer
[REDACTED] 22 Oct. 85
EXTENDING VASSY
[REDACTED]

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

23 October 1979

MEMORANDUM FOR: Richard Lehman
National Intelligence Officer for Warning

25X1 FROM : [REDACTED]
National Intelligence Officer for
China-EAP

SUBJECT : Reform of the NIO System

1. My major concern with respect to your study on reform of the NIO system is the relationship between the NIOs and NFAC, specifically on the score of the need for the NIO not only to be kept au courant regarding NFAC policy papers but assured the right to coordinate such papers. Otherwise, NIO's role as the DCI's advisor and surrogate on policy would be vitiated. Judging by your comments at the NIO meeting of 23 October, however, this point may already have been resolved.

2. As a practical matter, I also question the advisability of arbitrarily limiting NIOs to one assistant. I believe I understand the purpose for this limitation: reducing the NIO "presence" among NFAC analysts and hence reducing the amount of irritation on the Office Director's part concerning utilization of his analytical strength. Also, I assume that you anticipate the need for NIO-NFAC interaction will be reduced as the NIC's own analytic and drafting capability increases. Nevertheless, this separate NIC capability does not now exist and is not likely to do so for quite some time; thus, realistically speaking, continued NIO-NFAC interaction cannot be avoided. Accordingly, in a large and varied area such as my own I would feel that the presence of two assistants is essential if the heavy NIE workload is to be accomplished, not to mention maintenance of coordination on other projects. To argue ad hominem, there is enough going on in China and elsewhere in the East Asia-Pacific area to keep both [REDACTED] thoroughly busy.

25X1

[REDACTED]

15
25X

SECRET

NFAC 5748-79

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Officers

24 October 1979

MEMORANDUM FOR: Chief, NFAC Admin

25X1 FROM : [redacted]
National Intelligence Officer
for China-EAP

SUBJECT : Research Project [redacted]

25X1 1. I would like to send [redacted] who is an Agency
25X1 consultant, [redacted] to undertake a research project in connection
25X1 with a forthcoming IIM entitled "The Medium-Term Prospects for
[redacted] The purpose of [redacted] visit would be to look into
the attitudes of the key opinion groups (government officials,
25X1 military, businessmen, youth intellectuals, farmers, and most
importantly, [redacted]
regarding their current situation and future prospects [redacted]
25X1 in the coming five years or so. The impetus for this project

[redacted]

25X1 3. From [redacted] standpoint, it would be most desirable
for him to be given a contract for a specific research project covering
the points I have outlined above, at a cost of about \$6500. However,
for security purposes a less detailed description would be preferable,
e.g., something along the lines of "to conduct research into current
25X1 East Asian developments." [redacted] research would be done at a
25X1 SECRET level. Alternatively, I presume that there would be no problem
25X1 in compensating [redacted] at the maximum rate permissible, plus
travel and per diem expenses. [redacted]

[redacted]

ORIGINAL CL BY SIGNER

REVIEW ON 24 OCT 85

SECRET

16

4. I have discussed this project extensively with [redacted]
and he would like to spend about three weeks [redacted] commencing
25 November.



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are classified SECRET.

Distribution:

- 1 - C/NFAC/Admin
- 1 - CAR
- ✓ 1 - NIO/China-EAP Chrono
- 1 - [redacted]
- 1 - NFAC Registry

25X1

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Chrono

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC 5788-79
25 October 1979

25X1 MEMORANDUM FOR: [] A/NITO/S&T

25X1 FROM : [] A/NIO-CH/EAP

SUBJECT : Nuclear Proliferation Collection Study:
North Korea

REFERENCE : NITO/USSR-EE Memorandum, Same Subject,
Dated 27 September 1979

I support the objectives and analysis contained in the collection study on nuclear proliferation: North Korea, and agree with the collection focal points.

SIGNED

[]

Distribution:

Orig - Addressee

25X1 1 - A/NIO/CH-EAP []

1 - A/NIO/CH-EAP Chrono (B.T.)

1 - NFAC Reg.

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DERIVATIVE OF BY Signer

~~XX~~DECL ☐ REVW ON 25Oct.81

DERIVED FROM _____

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC 5783-79
25 October 1979MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central IntelligenceVIA : Director, National Foreign Assessment Center
National Intelligence Officer for Warning

25X1 FROM : [REDACTED] A/NIO/CH-EAP

SUBJECT : Monthly Warning Meeting, October 1979

The following items are suggested for consideration:

1. North Asia

25X1 Korea. Analysts thought that last week's student demonstrations and the opposition's en masse resignation from the National Assembly the week before created the most difficult political problem set the Park government has faced in over five years. They noted, however, that the government's tough, decisive response to opposition challenges - the move to expel Kim Yong-sam from his post as opposition party leader as illustration - has worked well for Park in the past. They also shared the view that in several recent instances the government has used greater restraint in responding to provocations by the opposition than it did in the past. There was a consensus that the greatest danger to Park lies in the emergence of an attractive leader that the opposition could rally behind. Most

25X1 [REDACTED] To bring the situation back to normal, the government must neutralize Kim and persuade the opposition party members to rejoin the National Assembly. Of the two, the latter task appears the most manageable. [REDACTED]

25X1 [REDACTED]

[REDACTED] Signer

[REDACTED] 25Oct.83

[REDACTED]

SECRET/[REDACTED]

SECRET [REDACTED]

25X1

- 2 -

[REDACTED]

2. Southeast Asia. Analysts expressed concern that ASEAN's delicate consensus on security might be breaking down over Indochina. With the future of Pol Pot and his forces increasingly a question mark, the ASEAN states seem to be reaching separate conclusions on what to do next. At present, Singapore is leery of what it perceives as a drift by both Malaysia and Indonesia toward a political solution with the Vietnamese. Lee Kwan Yew would prefer a coalition in Kampuchea headed by Sihanouk. [REDACTED]

[REDACTED]

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SECRET [REDACTED]

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2005/03/24

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

25 October 1979

MEMORANDUM FOR: See Distribution

FROM : [redacted]
Assistant National Intelligence Officer
for China

SUBJECT : Warning Assessment: China

1. Attached is the assessment prepared on the basis of Community views expressed at the warning meeting held on 10 October. This memorandum has not been coordinated with the participants but is being circulated among them.

2. The next warning meeting will be held on Monday, 19 November at 1400 hours in room 7 E 32, CIA Headquarters.

Please provide the name of your representative to [redacted] prior to COB Friday, 16 November 1979.

25
19

Attachment
As Stated

Distribution:

State - Mr. Robert Drexler
NSA - [redacted]
Army - Col. Jack B. Churchill
Air Force - Major Wally Astor
Navy - Lt/Cdr. Albert Aldo
DIA - [redacted]
SWS - Mr. Douglas J. MacEachen

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NEAC 5784-79

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

25 October 1979

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA : Deputy Director for National Foreign Assessment
National Intelligence Officer for Warning

FROM :
Assistant National Intelligence
Officer for China

SUBJECT : Monthly Warning Assessment: China

1. The Internal Situation

Analysts focused primarily on the possibility that a new and relatively wide-ranging purge of officials accused of leftist tendencies may be impending. There was some divergence of views as to whether or not Deng Xiaoping (apparently the prime mover in this effort) had the political strength to carry through, but most analysts thought the odds on such a purge had definitely shortened. The issue the meeting addressed was whether a purge of this nature would lead to greater or lesser political instability in China in (a) the short run and (b) the longer run. A strong consensus developed that such a purge was useful perhaps even necessary if current policies were to be sustained over the longer run, but that the purge itself was likely to be a source of instability, fueling new resentments. A further consensus also emerged that the odds were good that tensions created by such a purge could and probably would be contained. One analyst made a strong case for unity among the leadership as the key factor in containing tensions; other suggested the main problem lay at middle levels of the party. It was generally concluded that a new purge would present some risk but not an acute one, to US policy interests.

2. Sino-Soviet Affairs


After taking the temperature on this issue, most analysts concluded that the thermometer remained about where it had been over the past several months. Most signs remained negative, and the odds

SECRET

against significant improvement of relations between the two parties were not good. Analysts noted that the preliminary sparring in Moscow before formal talks got underway suggested that each side was maneuvering for marginal, tactical advantage (with Vietnam in both parties' mind), and that suspicions were high on each side. It was also noted, however, that there had been signs of genuine Chinese interest in some movement off dead center last spring. The importance of Chinese domestic politics as a key variable in assessing the chances of movement in the Sino-Soviet relationship was generally acknowledged, and there was agreement that the indications that Deng Xiaoping had strengthened his position in recent weeks made even limited improvement in relations a good deal less likely.

3. The Indochina Situation

Analysts looked carefully once again at the indicators but reiterated the conclusion that a major renewal of last winter's fighting did not seem likely. There was agreement that the Vietnamese were decidedly concerned over the possibility of a Chinese attack; strong evidence on the Chinese side, however, continued to be lacking. There was general agreement that (a) it would not take the Chinese as long to prepare for a second attack, but (b) we would nevertheless see the tell-tale signs if preparations were underway. These signs have not been visible. In the more nebulous area of Chinese rhetoric and private warning, there was a consensus that the decibel level had gone up -- briefly -- about two months ago, but had definitely dropped back again. A number of analysts thought the imminent destruction of the Pol Pot forces would trigger a Chinese attack; others noted that the Chinese could define at will what constituted the survivability of Pol Pot and that in any case an attack along the Sino-Vietnamese or Sino-Lao border would not in itself prevent the elimination of the Pol Pot forces if that were imminent. Most analysts agreed that any Chinese attack (short of a direct threat to Hanoi) would not accrue to Beijing the political gains that were achieved through that winter's attack, and could easily erode the gains already made. Several analysts noted that Beijing had been reenforcing its border defense units (as distinct from main force units) in response to the Vietnamese military buildup on the other side of the border, and pointed out that recent information suggested that these border units were better equipped and trained than had previously been supposed. There was general agreement that this information did not appreciably change the assessment on the likelihood of a Chinese attack, however.



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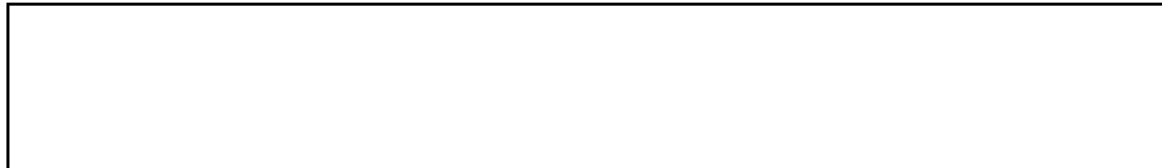
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SECRET [REDACTED]

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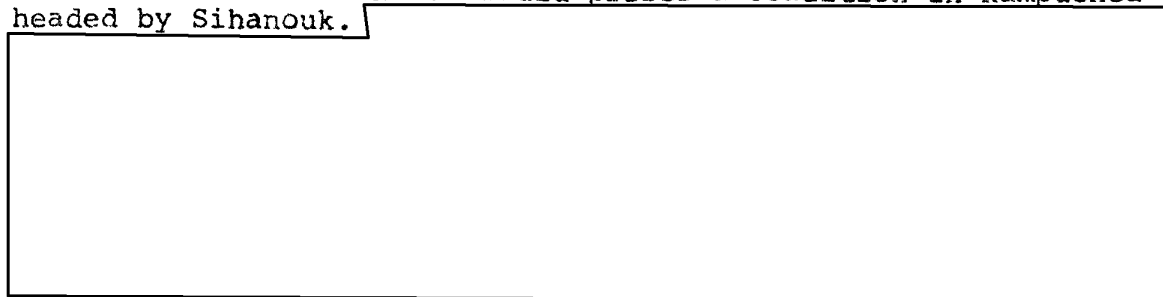
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2. Southeast Asia. Analysts expressed concern that ASEAN's delicate consensus on security might be breaking down over Indochina. With the future of Pol Pot and his forces increasingly a question mark, the ASEAN states seem to be reaching separate conclusions on what to do next. At present, Singapore is leery of what it perceives as a drift by both Malaysia and Indonesia toward a political solution with the Vietnamese. Lee Kwan Yew would prefer a coalition in Kampuchea headed by Sihanouk.

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THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Officers

29 October 1979

NOTE FOR: Each NIO
All Office Chiefs
Senior Review Panel
Special Assistant for Production

SUBJECT : NIO/Ch-EAP Production Forecast

Attached is a tentative schedule for production of NIEs and IIMs we have planned for 1980. We have discussed these programs with various offices and welcome additional comments from them and others.



SECRET

28 October 1979

Chrono

NIO for China and the Far East

NIE/IIM Production Forecast--November 1979-October 1980

26

A. Projects in Progress

1.

2. NIE: The Future of US-ROK Relations

Estimated completion date: December 1979

General concept: Assesses key political, economic, and military developments in the near term, with special emphasis on issues affecting US interests in South Korea. Addresses the prospects in South Korea for continued rapid economic growth, developments on human rights, continued political stability, the modernization of Seoul's military forces, diplomatic initiatives intended to reduce tension on the Korean Peninsula, and the implications of President Park's assassination.

3. NIE: Indications and Warning on North Korea

Estimated completion date: December 1979

General concept: Reviews specific steps North Korea could take in launching an attack against South Korea and assesses US ability to detect such steps, including current and future warning systems and the contribution to warning capability provided by US forces in Korea.

4. NIE: The Outlook for Sino-Soviet Relations

Estimated completion date: First Quarter 1980

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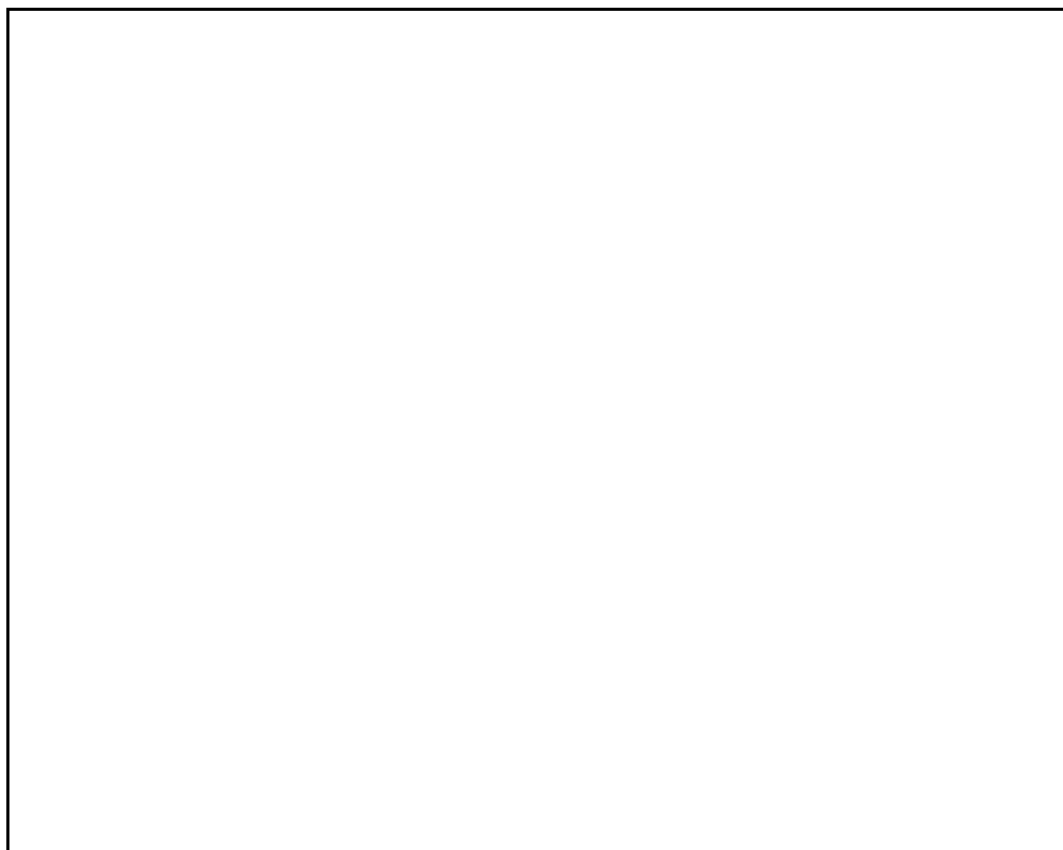
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B. Projects Planned and Approved, but not yet in Progress

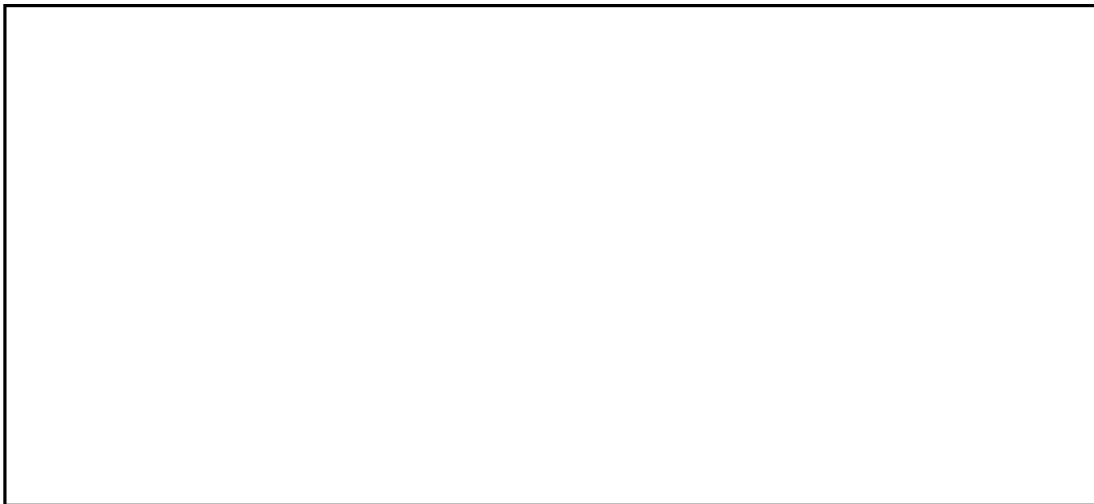
1.



2.

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C. Proposed New Projects

1. IIM: ASEAN's Durability as an Effective Regional Organization

Estimated completion date: Third Quarter 1980

General concept: Since its inception in 1967 ASEAN has grown in importance to its five member states, particularly since 1975, and has brought them into a closer economic and political relationship (and even an increased degree of informal military cooperation). However, strains in this relationship are becoming apparent as each nation reacts in its own individual way to the circumstances and implications of Vietnam's attack on Kampuchea. This study will assess the prospects for ASEAN as a durable regional organization within which the five member states will continue to coordinate on major aspects of foreign policy.

2. IIM: Pacific Interdependence Trends and Prospects

Estimated completion date: Second Quarter 1980

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General concept: Countries in the Pacific Basin broadly defined share no history of regional consciousness. But over the past decade the market economies of North America and East Asia have linked together to show some of the characteristics of a regional economy. The paper sets out to: 1) examine the intensity, scope, direction and benefits of economic interaction among these countries; 2) analyze how political and military relationships - real and potential - both within the community and with major powers outside enhance or inhibit the economic linkages; and 3) assess the implications of these relationships and trends for the US and its posture in the region.

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2 October 1979

CHINA: GREAT EXPECTATIONS

1. China's new realistic, moderate political and economic policies, which concentrate on rapid economic modernization seem well-established.

- Mao Zedong's highly disruptive utopian programs of the past 30 years, notably the "Great Leap Forward" and the Cultural Revolution, have been repudiated at the highest Chinese Communist Party (CCP) levels. (See speech by Yeh Jianying, 2d ranking CCP leader, commemorating the 30th anniversary of the PRC.)
- Steps already underway to implement internal measures providing for legal protection of individual rights, increased democracy, greatly expanded material incentives, and much more scope for initiative and independent judgment in management of affairs. Externally, China is turning to outside world, mainly the West and Japan, to provide critical technology and equipment for modernization.
- Center of gravity of the top CCP leadership appears united on China's present course of breaking with the past (even if this means at minimum implicit criticism of Mao) and concentrating efforts on successfully carrying out the "four modernizations." Deng Xiaoping undoubtedly initiated this course, but CCP Chairman Hua Guofeng (a Mao hold-over) is going along.

2. As a result, Chinese people in general beginning to look ahead with sense of great expectation.

- Within upper CCP echelons there is high degree of confidence that China's new policies will pay off -- provided Western countries and Japan do their part in exporting to China the technology which it needs to modernize.
- Among the people, a sense of relief is apparent over scrapping of Maoism, combined with optimism about the future. This noticeable in increased individualism in dress, absence of tension in inter-personal relations, and willingness to challenge established authority, e.g., "democracy wall." The people obviously are hopeful about their prospects.

3. Problems of course remain:

- Some senior CCP leaders are probably unhappy over extent to which Mao Zedong's legacy is being cast aside, since Mao and CCP's revolutionary success have hitherto been considered inseparable -- to question one is to question the other.
- Intermediate-level cadres (leaders) are still not going along with the new approach, either out of fear of exposing themselves to possible reprisals if policy should somehow reverse, or because they fear they cannot measure up and will lose their positions.

- China's still-depressed economy cannot provide good jobs for everyone, and there is considerable urban unemployment, especially among youth, with consequent discontent.
- Continued pulling and hauling between CCP leaders interested in public order and discipline, and individuals anxious for more democracy and human rights, can be expected.
- However, these problems can probably be handled, and China is a far happier, livelier country now than it has been for years.

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Excerpt of Ye Jianying speech criticizing the "Great Leap Forward"

But amidst these immense victories we had become imprudent. In 1957 while it was necessary to counter the attack of a handful of bourgeois rightists, the mistake was made of broadening the scope of the struggle. In 1958 we departed from the principles of carrying out thoroughgoing investigation and study and of testing all innovations before popularizing them in the violation of objective laws in our economic work. We made the mistakes of giving arbitrary directions, being boastful and stirring up a "communist wind". In 1959, in inner-party struggle we ineptly carried out the struggle against so-called right opportunism. These "leftist" errors plus the three years of natural calamities and the scrapping of contracts and withdrawal of specialists by the Government of the Soviet Union brought about the serious economic reverses of the late fifties and early sixties. The Central Committee of the party and Comrade Mao Zedong quickly perceived these errors in our rural and economic work and began to lead us in rectifying them. To this end, he put forward a series of guiding ideas such as the need to oppose egalitarianism, stress commodity production, respect the law of value, strike an overall balance, draw up the national economic plan with agriculture first, light industry second and heavy industry third, exert genuine and not sham efforts and go in for investigation and study in a big way. He also took charge of drawing up the "60 Articles" for the work of the people's communes. The party Central Committee and the State Council took decisive action to establish the correct guideline of "readjustment, consolidation, filling out and raising standards" for the national economy and laid down a succession of correct policies, rules and measures regarding work in other spheres. Early in 1962 an enlarged central work conference attended by 7,000 people was convened, at which criticism and self-criticism was unfolded and both positive and negative experience was summed up. Comrade Mao Zedong criticized himself in his speech at the conference and emphasized the necessity of perfecting the system of democratic centralism in the party and deepening our understanding of the laws of socialist construction.

Excerpt of Ye Jianying speech criticizing the Cultural Revolution

In the ten years of the Cultural Revolution which began in 1966, our country went through a fierce struggle between revolution and counter-revolution. The Cultural Revolution was launched with the aim of preventing and combating revisionism. For a proletarian party in power, it is of course necessary to be constantly on guard against going down the revisionist road characterized by oppression of the people at home and pursuit of hegemony abroad. But the point is that, at the time when the Cultural Revolution was launched, the estimate made of the situation within the party and the country ran counter to reality, no accurate definition was given of revisionism, and an erroneous policy and method of struggle were adopted, deviating from the principle of democratic centralism. Driven by counter-revolutionary motives, Lin Biao, the gang of four and other conspirators and careerists exploited these errors, pushed things to the extreme and formulated and pursued an ultra-left line. They engaged in "overthrowing everything and launching an all-out civil war", usurping the party leadership and staging a coup to seize power. They attempted to undermine the foundation of our socialist system, subvert the dictatorship of the proletariat, destroy the leadership of the party, adulterate Marxism-Leninism-Mao Zedong Thought and plunge our country once again into the division and chaos abhorred by the people, into blood-baths and terror. The havoc which the counter-revolutionary gang wrought for ten long years spelt calamity for our people and constituted the most severe reversal to our socialist cause since the founding of the People's Republic. Their conspiratorial activities were entirely different in nature from the errors committed by our party. They were the most vicious enemies of the entire people, and it was impossible to settle their case through inner-party struggle.

TOP SECRET [REDACTED]

26 October 1979

Chinese Military Situation

I. Modernization of China's armed forces will be realized only over the long term.

- China does not have the technical or economic resources to buy, utilize, or produce large numbers of advanced weapons.
- There will be incremental improvements as the Chinese improve their training and tactics and deploy small numbers of improved weapons to their forces.
- The Chinese continue to view the Soviets as their primary threat and any new weapons will be deployed first along the Sino-Soviet and Sino-Vietnamese borders.
- China has placed its highest priority on obtaining antitank and air defense weapons.

-- China's experience in Vietnam has helped focus the attention of military leaders on areas that will receive priority in the military modernization program.

- The Army's performance was credible, accomplishing most of China's military objectives.

II. While China continues to maintain substantial forces [REDACTED] [REDACTED] opposite Vietnam, the leadership now seems less inclined to initiate a "second lesson."

- Vietnam's forces opposite its border with China are much stronger than they were in February [REDACTED] [REDACTED] and China's losses in any new invasion would be much heavier.

TOP SECRET [REDACTED]

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- The Chinese profess to believe that the Pol Pot forces can continue their resistance against Vietnamese forces in Kampuchea, and Beijing is not presently linking a "second lesson" against Vietnam with the outcome of the resistance in Kampuchea.
- China retains the option of military action, however, and the possibility of a limited attack against one or two specific targets in Vietnam, an attack through Laos, or a full-scale invasion remains. This would be particularly true if Beijing concluded that all organized anti-Vietnamese resistance would otherwise collapse.

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Used for Presidential Briefing on
31 October 1979

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THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Officers

22 October 1979

NOTE FOR: See Distribution

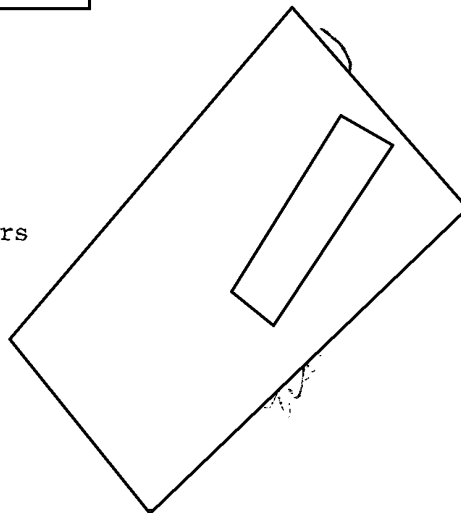
FROM : NIO/China-EAP

Both [redacted]
have recently returned from trips [redacted]
They will brief on their trips on Friday,
26 October from 1500 to 1700 in Room 7 E 62.

If you would like to attend, please
contact [redacted] by COB 25 October.

Distribution

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China's Foreign Trade in the Present Era

I believe that it is not only appropriate but imperative for this conference to begin with a survey of the economic and political climate in China for foreign trade. The questions we would hope to answer would be, first, are political and economic conditions in China such as to favor an expansion of China's foreign trade, and if so, are they likely to endure? Otherwise, this whole conference becomes simply an academic exercise.

In response, let me say at the outset that a change of major proportions unquestionably is taking place in China and is bringing about a sweeping -- and, to those of us who have been watching developments in China for the past several decades -- a startlingly different approach to the whole cause of national development. According to Premier Hua Guofeng, in his report on the work of the government delivered at the 2nd Session of the 5th National Peoples Congress last June,

"...the State Council has since the beginning of 1979, shifted the work of the whole nation to socialist modernization. This is a historic turning point."

In practical terms, what Hua Guofeng's words mean is that China's political and economic efforts should be directed, first and foremost,

to the goal of accomplishing the so-called "four modernizations," that is, the modernization of agriculture, industry, national defense, and science and technology.

This is not to deny that modernization has been an objective of the PRC since its establishment on 1 October 1949, but for the greater part of the PRC's existence this objective has been accompanied -- and for many years actually eclipsed by -- efforts to achieve socio-political goals as the overriding priority. You may recall the slogans of "carrying the revolution through to the end" and "putting politics in command," which tended to occupy pride of place in Chinese philosophy and to outweigh or greatly color the economic aspects of national development.

An extreme example of what, in my opinion, has been the basic contradiction in China between the economic goal of modernization and the political cause of "revolution," is the so-called "Great Leap Forward" of 1958-61. On the one hand, China was exhorted to catch up with the most developed countries of Western Europe (notably Britain) in "fifteen years of a little less" using such expediciencies as backyard steel furnaces, deep plowing, and close planting; and on the other hand, to push boldly toward the "victory of socialism." In this latter respect, for a brief period in the early days of the Great Leap Forward emphasis was placed on the principle "from each according to his ability, to each according to his need," which in Marxist terms is

supposed to be applied only when the day of pure communism has arrived. This period also saw the massive establishment of People's Communes with dormitory-style living and communal mess halls, and the "five-fixed" principle of fixed payments for almost all human needs. The upshot of the contradiction between economic development and politics was a great internal upheaval in China, which when combined with bad weather and the withdrawal of all Soviet aid, resulted in near-famine conditions and a serious setback to China's development plans. Another similar upheaval, of course, took place during the Cultural Revolution, which is closer to us in time and hence more familiar. I doubt that any further elaboration is needed.

There was yet another concept which figured somewhat later in China's internal policies: "zu li geng sheng," or national self-reliance, which when carried to extremes (as, in fact, appeared to have occasionally happened) meant that China should forbid or severely limit the importation of foreign goods and technology for fear that such imports would weaken the political fiber of the nation.

During the period that I was in Beijing a running battle was conducted in the cultural media between proponents of conflicting points of view on the "national self-reliance" issue, with those objecting to imports arguing that China could, and should, go it alone, and their opponents countering with the view that China should not be put in the position of trailing behind the developed countries of the West. The stronghold of "national self-reliance"

during these years appeared to be in Shanghai, as evidenced by articles in the Shanghai journal "Study and Criticism," and episodes such as the Shanghai-made motion picture "Bright Fiery Furnance" which criticized the importation of alloy steel for use by the PLA Navy on the grounds that equally-strong steel could be made in China. Those in Beijing responsible for orderly economic planning, who appeared to remain in the ascendancy, countered by quoting the words of Mao Zedong: "yi gu wei xin yong; yi wai wei Zhong yong," or "use the old to serve the new; use the foreign to serve China." (I should add that "national self-reliance" is still with us, but in a greatly modified form which I will discuss later.)

Now, however, the period of contradictory political and economic objectives appears to have passed. As indicated by the words of Hua Guofeng which I have already quoted, China's overriding goal is to carry out the four modernizations successfully, and all other goals are to be subordinated to it. As for the slogan of "putting politics in command," I noted with interest that one of the works recently published in Beijing attributed to the recently-rehabilitated Zhang Wentian (now deceased), dealt with this slogan by saying that it was all right to put politics in command so long as politics was derived from economics! No one should doubt for one moment that politics remains a profound element in China's long-term development program (hence the "socialist" in "socialist modernization") but not in such a way as to get in the way of economics.

The new situation has brought with it additional important changes, affecting, in fact, the basic nature of the political course which China will pursue. Very significantly, class struggle on the nationwide, turbulent scale of the past years is to cease, although individual "class enemies" may still be attacked. Instead of stress on class struggle, the emphasis is now on unity among all classes and all elements of the population so that socialist modernization can be carried out. In consequence, older cadres attacked during the Cultural Revolution and "Gang of Four" eras have been rehabilitated and many people formerly categorized as class enemies have had their status changed.

An additional major point is the attention now being directed toward democracy in China on the grounds that "without democracy, there can be no modernization." To be sure, China's democracy today is not to be compared with what is familiar to us in the outside world since it must be carried out within the "Four Upholds," or upholding socialism, leadership of the Party, democratic centralism, and Marxism-Leninism-Mao Zedong Thought. But for the average Chinese, the new emphasis on democracy must represent a significant change from the days of even the recent past, and allows them much more latitude for political expression than ever before.

Finally, the new situation in China has brought with it a restoration and strengthening of the rule of law. The Supreme Court, procuratorship, and system of Peoples Courts at all levels has been

returned, and the Chinese people are now being told that no one is above the law, even those at the highest levels of Party and Government. Again, a dramatic change from the very recent past, in which laws to protect individual rights did not exist and people were brought to trial before administrative rather than judicial bodies.

The second session of the 5th National Peoples Congress last June/July provided the occasion for dramatizing on a National scale the new developments in China and providing a legal basis for establishing and implementing the principles which I have discussed. But as in the case of all NPC sessions, the basic decisions had already been made. I consider that the watershed was the 3rd Plenum of the 11th CCP Congress which took place last December. In this session, besides settling on the establishment of socialist modernization as the primary goal and emphasizing democracy and the rule of law, there were additional crucial issues addressed which deserve our attention:

- The slogans of "emancipation of thinking" and "seeking truth from facts" were established as new ideological guidelines. These slogans, which are attributed to Deng Xiaoping and were also used by Hua Guofeng in his NPC work report, represent a determination to approach new situations in a realistic and flexible way. They tell the Chinese people not to be bound by past ideological positions even if these positions were set by Mao Zedong.

It is now acknowledged that even Mao could make mistakes, and also noted that Mao advocated adjusting policy to suit objective circumstances.

- Material incentives both for the rural peasants and for the urban workers were both acknowledged as necessary and greatly expanded. The communique of the plenary session pointed out that "it is imperative to improve the livelihood of the people in town and country step by step on the basis of the growth of production. The bureaucratic attitude of paying no attention at all to urgent problems in the people's livelihood must be resolutely opposed." Thus, in the rural areas, higher prices will be paid for produce, and private plots, sideline occupations, and rural free markets legitimized; in the cities a high percentage of the workers have received pay raises.
- A call was made for separation of the Party mechanism from the realms of economic management and the Government apparatus. Now, managers and government officials are to be much more free than heretofore to make decisions without the constraints of Party vetoes. The result is supposed to be greatly enhanced initiative and efficiency. Once more, the purpose is to support the goals of socialist modernization. An illustration of the new freedom is the authority granted to officials in Guangdong and Fujian provinces to engage in foreign trade relations without recourse to

Of course, I cannot speak for what is going on in the minds of the leaders in Beijing today. Nevertheless, I would like to venture this thought:

Those of us who are familiar with the East Asian scene are very much aware of the qualities of imagination, initiative and energy which are to be found among the Chinese people in places such as Singapore, Hong Kong, and yes, Taiwan -- to name but a few. There is a real spark among these people, which can be seen by anyone who cares to wander around the major arteries and back streets almost at any time of the day and night, where economic and commercial activity is incessant. This same spark, though, has not been visible in China in recent years, even though it might still be burning below the surface.

My personal recollections of China during the period of 1973 to 1975 are of a relatively apathetic population, where farmers and workers with rare exceptions seemed to be doing just enough to get along -- with resultant adverse effects on production. In the big cities of Beijing, Shanghai, Wuhan, and the like, the streets were virtually clear of people by eight or nine at night, unlike the bustling scenes in those cities outside China which I have mentioned. I am convinced that the leaders in Beijing today are aware of this contrast, and are trying to reignite the spark, or bring it out of hiding, by providing the Chinese people with the requisite degree of political, material, psychological and incentive needed to stimulate a great upsurge in economic activity and productivity.

Now, what do the changing circumstances in China, especially the emphasis on the "four modernizations," mean in terms of foreign trade? In this regard, let me again refer to the words of Hua Guofeng in his NPC work report, which are worth quoting in full:

"(We should) continue to do a good job in importing technology, make active use of funds from abroad and strive to expand exports. Economic exchanges between countries and the import of technology are indispensable major means by which countries develop their economy and technology. It is all the more necessary for developing countries to import advanced technology in a planned way in order to catch up with those economically developed. In order to accelerate the four modernizations, while resolutely maintaining independence and self-reliance as our main premise, we must work hard to learn all that is worthwhile from foreign countries, selectively import advanced technology of which we are urgently in need, and not wall our country off from international exchanges. Both in the three-year period of economic readjustment and in subsequent years, we shall be taking energetic steps to develop foreign trade, expand economic co-operation and technical exchange with foreign countries and employ various appropriate means, current in international practice, to absorb funds from abroad."

There are several elements in Hua's statement which I would like to underscore:

- By imports, apart from needed foodgrains and primary products such as rubber and hardwood in which China is in short supply, Hua means essentially high-technology items. Everything which China can make itself China intends to make, and it will seek outside sources only for those high-technology goods which it can not currently produce itself. Obviously, the intention is to become self-reliant even in these areas as soon as possible. This is the new version of "national self-reliance" which I mentioned above.
- In order to pay for imports, China must export. China will attempt to develop its own export industries, particularly in the field of light industry. In my judgment, it will probably establish the strongest import relationships with those countries which can best absorb China's exports.
- China will import only to the extent that it is able to pay for these imports, whether through direct payments, deferred payments, or draw-down on lines of credit.
- China will now, for the first time, accept some form of economic aid, so long as it does not consider that the aid terms might compromise its national independence.

Quite clearly, the prospects are very good indeed for a growth on the order of several magnitudes in China's foreign trade relations. All I would add here is that the guidelines are very evident, and that those wishing to trade with China should bear them in mind. Perhaps those in this room might wish to consider the advantage to them of engaging in "compensation trade," which means furnishing the capital, equipment, and management to factories in China producing goods for exports and taking part of the product as compensation, or engaging in direct investment in China with some percentage of the equity held by the Chinese Government. As I understand it, the Chinese are strongly proposing arrangements along these lines, and laws are now being drawn up to provide for such activities.

To show how impressively China's foreign trade has grown under the new conditions, Chinese Foreign Minister Li Qiang stated in a news interview in Beijing on 17 September that during the period January through August 1979, in terms of US dollars Chinese exports were up 39.8% and imports 66.3% over the corresponding period in 1978. In real terms, making allowances for inflation, the increases would be 20% for China's exports and 35% for imports. The January-August trade performance indicates that China will easily fulfill, and probably surpass its 1979 foreign trade targets. A conservative projection indicates that total trade turnover could reach US \$29 billion with a trade deficit of US \$1.5 billion. A more optimistic projection based on the January-August performance taken against the 1978 figures indicates that total trade could reach the level of US \$34 billion with

a deficit of US \$4 billion. Given good planning and, I suppose, a little bit of luck, the expanding trend in Chinese trade should continue. China's ability to pay should also remain unimpaired, with the deficits funded through loans and credits.

This leaves only the question of whether the current situation is likely to endure. There are undoubtedly many problems, and we have already seen some readjustments in China's economic projections between the latter part of 1978 and the first half of 1979 due to economic and political difficulties. China is now undergoing a three-year period of economic readjustment and consolidation, as indicated by Hua Guofeng, in which priorities have been reorganized, e.g., development of light industry has been put ahead of heavy industry. We have numerous reports of unhappiness on the part of elements within the population respecting their status and future prospects. Demonstrations and wall posters have become commonplace, pointing to various kinds of discontent. There are signs of pulling and hauling in the upper echelon of the Chinese Communist Party leadership, notably over the role in history to be accorded Mao Zedong. (Aspects of foreign policy may have been questioned as well, judging by the rather defensive tone to the statement in the NPC communique accepting Hua Guofeng's work report that "the session fully endorses the Government's line and policy in foreign affairs and its position and principles in handling China's relations with Vietnam, the United States, and the Soviet Union.") Some remnants of the "Gang of Four" are seemingly still in positions of authority.

Nevertheless, I personally remain quite optimistic about China's prospects. We might say that China's new ship of state, as created by the Third Plenum of the 11th CCP Congress and the second session of the Fifth NPC, is undergoing a shakedown cruise with many unforeseen problems inevitably arising. But I submit that a reversion to the old system would be difficult indeed -- after all, this system was in effect for many years and did not bring anywhere near the desired results. Everyone in China from the top leadership on down knows this. In fact, China today admittedly finds itself in many major respects essentially where it was in 1957, the year before the Great Leap Forward. While modifications in the new policy may ensue, and China may blow hot or cold in various aspects of its foreign economic and political relationships, there are relatively few options for it to follow outside its present course and still retain its determination to modernize while preserving its national identity and independence.

The one major problem which I would like to outline as a parting thought concerns the responsiveness of the rank-and-file Party membership to responsibilities assigned to it. The Party cadres must now demonstrate much greater capacities for leadership, initiative, and managerial and technological skill than ever before, but the evidence suggests many are reluctant to assume these responsibilities. Some are afraid that the political pendulum will again swing the other way, leaving them exposed if they do what they are now told to do. There are many others who entered the Party primarily on the basis of

their political stand (over half the Party membership dates from 1966 or later) and feel that their jobs are now threatened; they are therefore dragging their feet when it comes to implementing reforms. A saying which I have heard is making the rounds in China goes: "The two ends hot, the middle cold." This means that the top leadership at the one extreme and the people at the other are enthusiastic about the new situation, but that the cadres in the middle are not. The particular problem of cadre responsiveness must be solved if China is to move ahead as vigorously as its leaders clearly wish.

THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Officers

29 October 1979

NOTE FOR: Ambassador Handyside

FROM :
NIO for China-EAP

Per our discussion, attached
are maps of the dam sites.

Ambassador Handyside
Senior Intelligence Officer for DOE

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26 October 1979

MEMORANDUM FOR: Assistant NIO/China and EAP

SUBJECT : Dam Sites on the Hongshui He

1. The two dam sites -- the Dateng Gorge Project and the Tiansheng Bridge/Dam Site -- mentioned on October 19 by Jia Ke, Director of the Foreign Affairs Bureau, Ministry of Electric Power, as suitable for visit by separate teams of a high-level U.S. hydropower delegation have probably not been previously discussed openly by the Chinese. We cannot pinpoint the location of the dam sites, though there is sufficient information to indicate the general location of them.

2. The new Dateng Gorge Project is probably planned for the Dateng Xia on the Qian Jiang in east-central Kwangsi. Qian Jiang is one of the alternate regional names applied to the main channel of the Hongshui. The Dateng Xia stretches along about 40 kilometers of the Qian Jiang just upstream from Guiping. The river makes about eight bends through this gorge and some of these could be suitable for the construction of a dam. The Dateng Xia is reasonably accessible to a visiting group. Guiping is served by a good road and an airfield. The upstream end of the gorge can be reached via a road from the main railroad or from Liuzhou, a principal transportation center about 100 kilometers to the north.

3. The second dam site, the Tiansheng Bridge/Dam Site in Guizhou, cannot be located precisely. It is probably located where the Hongshui serves as the border between Guizhou and Guangxi upstream from Tian'e (25°00'N 107°10'E). The river here flows for almost 100 kilometers in a deep gorge along a relatively straight course and probably has numerous potential dam sites. Other dam sites exist upstream from the fork of the Nanpan Jiang and Beipan Jiang branches of the Hongshui [REDACTED]

[REDACTED]

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4. Two hydro projects have previously been mentioned by the Chinese on the Hongshui in the border region of the provinces. The Longtai Project in Guangxi is a 200-meter-high dam about 16 kilometers upstream from Tian'e with a power potential of 3,000 MW. The Chinese claim that this project could provide power for the development and processing of nearby bauxite deposits. The Longtai Project has always been identified by the Chinese as being in Guangxi, although it is very close to the Guizhou border. Less is known about the second dam, the Qiancheng, except that it is projected for the upstream Hongshui. Work on the 55-meter-high 464-meter-long dam is expected to start in late 1979. It is conceivable that the Tiansheng Bridge/Dam reference applies to the Qiancheng site. Access to the Tiansheng site, which has to be in southern Guizhou, will be more difficult than to the Dateng Gorge Project. Travel to the dam site will probably be via a sparse network of roads into a relatively remote section of Guizhou.

5. For additional information or clarification, please contact

[Redacted]

[Redacted]

Chief, East Asia Branch
Geography Division, OGCR

Attachments: as stated

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25 October 1979

Hydroelectric Power on The Hongshui River

STAT The Chinese are apparently planning to tap substantial amounts of the hydroelectric potential of the Hongshui River. According to the Chinese the Hongshui River has 8600 megawatts (MW) of hydro potential in Guangxi Chuang Autonomous Region alone. At least three large hydroelectric projects are currently planned for the Hongshui, two in Guangxi and one in bordering Guizhou.

The two hydroelectric facilities planned for Guangxi Chuang Autonomous Region include Dahua located between Du'an and Mashan counties, and Longtan near Guangxi's northern border with Guizhou Province. Dahua, the first large-scale effort to tap the Hongshui's hydro potential, is reportedly a multipurpose project intended to facilitate water transport as well as provide 400 MW of power. The Chinese report that Dahua should begin initial power generation in 1980. The much larger Longtan project of 3,000 MW is still on the drawing boards and is one of the 8 major development projects for which China has sought \$5.5 billion in financing from Japan. The 800 MW Qianching hydroelectric facility is planned for the upper reaches of the Hongshui River in Guizhou Province. Work is scheduled to start on the project later this year. Table 1 summarizes these three planned projects.

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We are unable to fully verify the two hydroelectric sites included in the US hydroelectric delegation's itinerary. The Dateng Gorge project listed in the itinerary appears to be a wholly different location from the sites of the two hydroelectric projects already confirmed by the Chinese along the Hongshui River in Guangxi. According to our gazetteer, The Dateng Gorge appears to be on the Qian Jiang River at least 60 kilometers downstream from the confluence of the Hongshui and Liu Jiang Rivers. Given its probable location the Dateng gorge project is clearly distinct from the other two Hongshui River projects in Guangxi. The Tiansheng Bridge Dam site listed in the US itinerary may correspond to the 800 MW Qianching hydroelectric facility.

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